

Indiana House of Representatives

News and Information

Media Office

Democratic Caucus

John Schorg, Director

Statehouse, Room 157

Indianapolis, Indiana 46204

1-800-382-9842 or 1-317-232-9621

Fax Number: 1-317-232-9792

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CHENEY: TIF DISTRICTS MAY BE GOOD IDEA, BUT WHERE'S THE ACCOUNTABILITY?

INDIANAPOLIS – While he may support legislation extending the life of Tax Increment Financing (TIF) districts across Indiana, State Rep. Duane Cheney (D-Portage) said he is concerned that officials remain unclear how effective such breaks are in improving local economic development.

Cheney attempted to provide some accountability to that process with an amendment to House Bill 1182, but that effort was defeated by the Republicans who control the House chamber. The lawmaker then voted for the bill on final reading today, sending the measure along to the Indiana Senate for consideration.

House Bill 1182 is designed to extend the life of TIF districts. Local units of government have the ability to set up these districts in order to attract new economic development. Any tax revenues generated from new development and road, street and sewer improvements must be used exclusively for the TIF district, rather than such entities as schools.

"TIF districts may be the greatest thing since sliced bread, but the fact is that we do not know how well they are working," Cheney said. "Are the tax breaks given to companies that are located in these districts resulting in more jobs at better wages for area residents? Or are they just giving breaks to companies that are interested only in avoiding paying taxes and simply pocketing added profits?"

"I think the taxpayers of Indiana would like to know what kinds of benefits are coming from so-called economic incentives like TIFs and tax abatements," he continued. "It is sad to see that my House Republican colleagues want to pay lip service to the idea of a responsible government, yet are willing to oppose a plan that will provide responsibility."

Cheney's proposal called for the state's Department of Local Government Finance (DLGF) to study the economic activity in TIF districts throughout Indiana, then issue a report on that activity to the Legislature.

"This report would provide a description of the economic development activity that takes place within each district, as well as the infrastructure improvements that have been financed from the property tax proceeds allocated from the districts," Cheney said.

"In addition, the report would include an analysis of the impact that the lost property tax proceeds from each TIF district has had on the property tax revenues of the school corporations and civil taxing units affected by the district," he noted. "Since we are making this economic development tool permanent, I think an exacting report can help determine the lasting impact TIF districts have on our communities.

"These are serious considerations that must be given weight when determining whether or not to create a TIF district locally," Cheney said. "As House Bill 1182 continues to work its way through the Legislature, it is my hope that accountability remains a priority in judging the value of all tools we use in our economic development efforts."

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